



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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October 6, 2003

TO: Lowell P. Braxton, Director *LPA*
THRU: Mary Ann Wright, Associate Director *MAW*
THRU: Wayne Hedberg, Permit Supervisor *WH*
FROM: Doug Jensen, Senior Reclamation Engineer *DJ*
RE: Request for Approval of Form and Amount of Replacement Reclamation Surety, Staker and Parson Companies, Keigley Quarry, M/049/001, Utah County, Utah

On July 31, 2003, we received notification from Liberty Bond Services, their bond for Staker and Parson Companies was going to be cancelled effective October 15, 2003. The letter stated the reason for cancellation was that the surety had been replaced by another surety. We anticipated the replacement surety would be forthcoming. When we still had not received the surety on August 18, 2003, we requested that the operator furnish us with the new replacement surety within 10 days.

After several contacts with the operator, we received a \$615,500 replacement surety from XL Specialty Insurance Company on September 5, 2003. On September 26th, we received the Reclamation Contract to accompany the new surety bond. XL Specialty Insurance Company is on the federal register listing of acceptable bonding companies and has an "A" rating on the A.M. Best rating guide.

As you will notice, this surety is calculated to year 2003. Please bear in mind that the surety is only a replacement for the one being cancelled. We have already informed the company to furnish updated maps so the standard five-year review can be completed to update and escalate the surety for the Keigley Quarry to year 2008.

If you are in agreement with the acceptance of the replacement reclamation surety please sign and date the documents. We will then issue final Division approval of the surety and send Staker & Parson copies of the executed documents for their records. We will also return the original Liberty Mutual surety bond to them for their disposal or return to the surety company. Thank you for your consideration of this request.

jb
Enclosure MR-RC & surety
O:\M049-Utah\M049001-KeigleyQuarry\final\Dir-sign-09292003.doc

Agree LPA